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Grains and Oilseeds Update

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Grain and Feed

Oilseeds and Products

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Report Highlights:

Bulgarian farmers completed spring planting activity by the beginning of May. Area planted under corn is higher than initially expected. Unusually hot and dry weather the latter half of April into May is having an adverse impact on winter crops, mainly rapeseeds crop. Some farmers have already begun to re-seed fields with spring varieties. Wheat and rapeseed crops average yields are expected to decline moderately absent significant rainfall in the near-term.

Exports of grains and oilseeds have accelerated over the past month for all crops, especially for wheat, sunflower and corn. The lag in export demand for rapeseed leaves the country with excessively high stocks just two months prior to harvest. The opposite case exists for wheat which faces record low ending stocks due to record high exports.

General Information:

Overview

Weather

Bulgarian farmers completed the spring planting in optimum time by the beginning of May. Good rainfall in late March and first half of April replenished sub-soil moisture levels, however, unusually hot and dry weather starting in the third week of April through second week of May (temperatures around 30 Celsius), negatively affected winter crops. The scarcity of rain fall during this period resulted in measurable precipitation below 10 mm across most of the country.

The country's three main three production regions experienced above average and above 2012 (same period) temperatures (see the graphs at the end of the report). Soil moisture reserves were affected as well as all regions reported declines below 2012 levels with the North West reporting the greatest change.

The weather change affected mainly the rapeseed crop as it occurred during the blooming stage. Some farmers have already begun to re-seed fields and/or replant with spring crops. This process was more pronounced in Southern Bulgaria with sunflower the preferred replacement crop. Wheat yields have been affected as well although the picture overall is mixed depending on where scattered rains fell. Thus the average wheat and rapeseeds yields are currently expected to decline. At the same time, above average temperatures accelerated the vegetation and biomass accumulation and most crops are estimated to be 1-2 weeks advanced in their development.

At present, much more rainfall is needed during the critical seed formation period if initial average yield expectations are to be reached.

Production

Preliminary data released by the Ministry of Agriculture indicate higher total corn planted area and lower total sunflower area while trade sources report increases in total areas for both crops. In addition, farmers report that most of the re-seeded rapeseed area, concentrated in Southern Bulgaria, has been replaced with sunflower crop (corn is not typical for this region).

Based on farm and trade source reports and weather data, FAS Sofia has revised its estimates for crops to be harvested in 2013 as noted below.

- Wheat and barley output projection is reduced slightly due to the negative effects of recent weather patterns. However, if current drought conditions remain in place for much longer, further adjustments may be needed.
- Rapeseed area is revised downward based on farmer reports of re-seeded fields and substitution with spring crops. Production is also reduced based on reduced area and projected impact of adverse weather on yields.

- Sunflower area is reduced marginally to reflect the first official data. However, as trade and farmer sources have not confirmed the trend and view prospects for the crop good, no further changes are projected in output the near term.
- Corn area and production are revised upward based on official and industry data which confirm the same trend.

Currently, FAS Sofia estimates for crop year 2013 planted areas and production as follows:

Table 1. Crop Year 2013 Major Grains and Oilseeds Crop Estimates as of May 2013

| Crop Year 2013 (vs. 2012) | Planted Areas ,000 HA | Production ,000 MT |
|--------------------------------------|----------------------------------|-------------------------------|
| Soft Wheat | 1,150 | 4,300 (vs. 4,350) |
| Barley – total | 190 | 680 (vs. 690) |
| - winter | 181 | |
| Rapeseeds | 165 (vs. 178) | 380 (vs.410) |
| Sunflower | 770 (vs. 780) | 1,400 |
| Corn | 450 (vs. 420) | 2,200 (vs. 2,100) |
| Total | | 8,970 (vs. 8,950) |

Trade

Marketing Year 2012/13 exports of crop year 2012 grains and oilseeds have accelerated over the past month led by wheat, corn, and sunflower. Wheat is approaching record high export volume, and likely to exceed 2.5 MMT. Given the strong export trends ending stock levels are being adjusted downward. The most pronounced decline will be seen with wheat. Rapeseed stocks, on the other hand, remain high with only two months before harvest and weak market prospects to reduce inventories quickly. Exports of corn and sunflower are preceding at a good pace thus forecasted export estimates are expected to be met.

Wheat

MY 2012/13:

World Trade Atlas (WTA) data for the period July 2012 – February 2013 show imports of wheat and wheat products (flour and pasta converted into wheat) at 66,611 MT, mainly from the Czech Republic and Romania. Exports for the same period totaled 2.077 MMT with main destinations being Spain, Italy, Romania, and Greece.

Stocks and Trade:

The National Grain and Feed Agency (NGFA), in the Ministry of Agriculture, estimate MY2012/13 beginning wheat stocks at 350,000 MT. Consumption for the period July 1, 2012 – April 30, 2013, is estimated at 1.727 MMT. Available stocks reported as of April 30 are 558,658 MT.

NGFA reports wheat (soft wheat only, excluding durum and flour/pasta) imports at 29,500 MT, with exports at 2,498,996 MT of which 1,845,140 MT went to the EU market (as of April 30). The NGFA estimates consumption through the end of the year to slow with a total 284,000 MT for food and feed, or less than 150,000 MT per month, leaving year-end stocks at 275,000 MT or almost half of the previous month estimate. Based on NGFA estimates, the country has the potential to export up to 100,000 MT more wheat thus reaching a record high 2.6 MMT.

Barley

MY 2012/13:

WTA data for the period July 2012 – February 2013 show imports at only 600 MT and exports at 298,800 MT with main export destinations as Saudi Arabia, Romania and Jordan.

Stocks and Trade:

The NGFA estimates MY2012/13 beginning stocks at 45,000 MT and total consumption during the period July 1, 2012 – April 30, 2013 at 312,761 MT. Available stocks were reported on April 30 at 89,383 MT.

Imports for the period July 1, 2012 – April 30, 2013 were reported at 991 MT, and exports at 305,779 MT of which 96,139 MT went to the EU market.

The NGFA estimates consumption through the end of the marketing year at 81,552 MT or 40,000 MT per month which would leave little less than 8,000 MT remaining in ending stocks, or as potentially available to be exported.

Corn

MY 2012/13:

WTA data for the period October 2012 – February 2013 show imports at 19,473 MT, mainly from Greece, and exports at 247,404 MT with major export destinations to Romania, Portugal, Italy and Greece.

The NGFA estimated MY2012/13 (which started on September 1) beginning stocks at 85,000 MT (National Grain and Feed Agency Bulletin April 2013).

Stocks and Trade:

Consumption for the period September 1, 2012 – April 30, 2013, is reported at 601,770 MT or about 75,000 MT per month for food and feed. As of April 30, 2013, corn stocks were reported at 720,783 MT. The NGFA reported MY2012/13 corn imports as of April 30, 2013, at 29,013 MT, and exports at 509,246 MT of which 373,226 MT went to EU markets.

The NFGA estimates corn usage through the end of the marketing year at 378,885 MT or about 94,000 MT per month. Ending stocks are forecast at 341,899 MT compared to the previous estimate of 581,000 MT. Thus, the country can potentially export up to 330,000 MT more corn in addition to the export volume recorded to date, or total 830,000 MT. Most traders estimate the export potential in the 700,000 MT range depending on imports.

Sunflower

MY 2012/13:

WTA data for the period October 2012 – February 2013 show imports at 9,745 MT, mainly from Romania and Ukraine, and exports at 317,232 MT with major export destinations to Portugal, the Netherlands and Turkey.

NGFA estimated MY2012/13 beginning stocks at 80,000 MT (NGFA Bulletin April 2013).

Stocks and Trade:

Domestic consumption for the period September 1, 2012 – April 30, 2013 is reported at 352,000 MT or 44,000 MT per month. Stocks as of April 30, 2013 were reported at 489,448 MT. The NGFA estimates consumption through the end of the marketing year at 229,975 MT or roughly 57,000 MT per month. Ending stocks are forecast at 260,000 MT compared to the previous month estimate of 445,000 MT.

Imports to date are reported at 9,969 MT. As of April 30, 2013, the NFGA reports exports of 2012 crop sunflower seed at 636,352 MT, of which 547,275 MT went to EU markets. Bulgaria holds the potential to export up to 270-300,000 MT in addition to the quantity exported to date, for a total of up to 900,000 MT.

Rapeseeds

MY 2012/13:

WTA data for the period July 2012 - February 2013 show rapeseed imports at 4,078 MT from Macedonia, France and Germany; and exports at 200,736 MT to Romania, Belgium, France, Portugal, the Netherlands and Turkey.

Stocks and Trade:

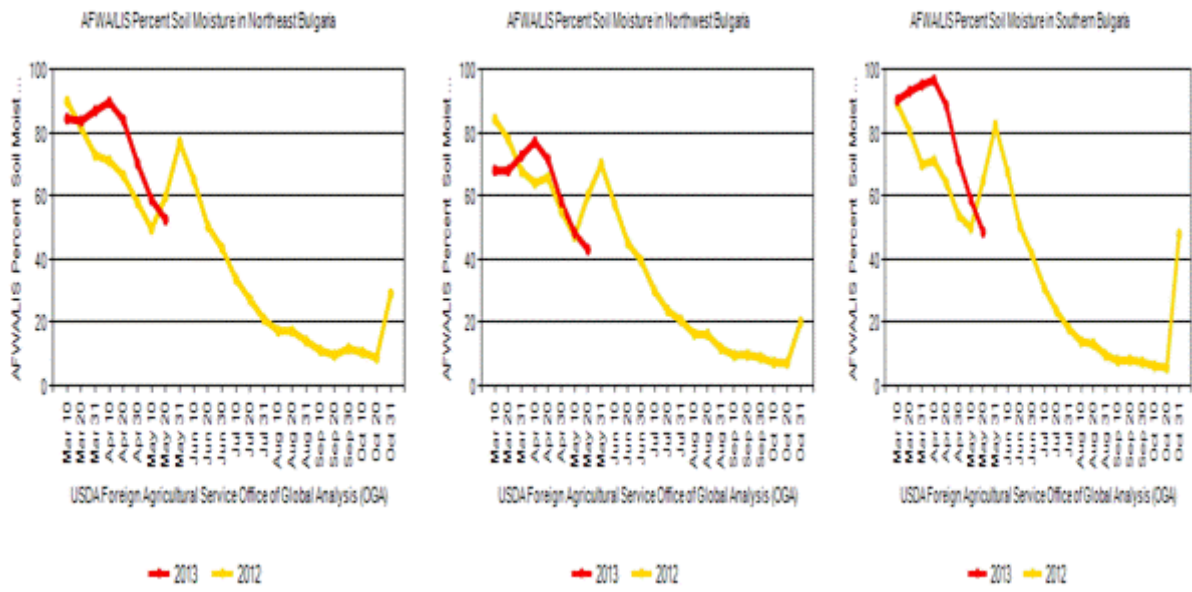
NGFA estimated MY2012/13 beginning stocks at 25,000 MT (NGFA Bulletin April 2013). Imports through April 30, 2013 were reported at 3,000 MT. Exports were reported at 200,974 MT, of which 166,415 MT went to EU markets. Stocks, as of April 30, 2013, were at 94,939 MT.

Table. MY2012/13 Production, Stocks and Exports for Major Grains and Oilseeds as of April 30, 2013

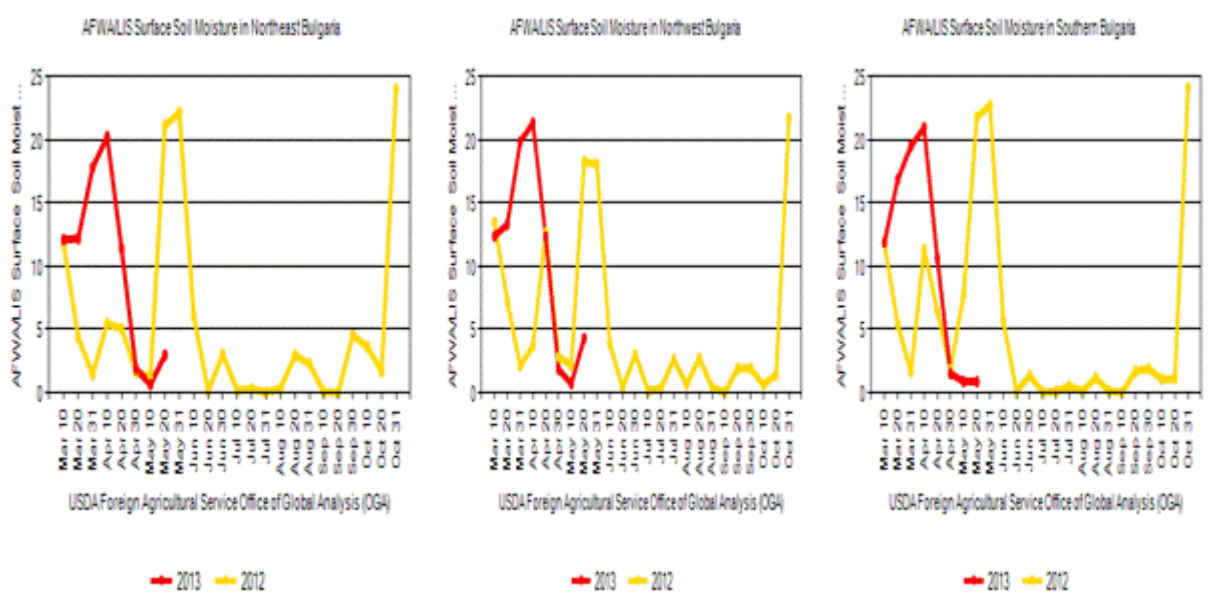
| Crop | Production (MT) | Beginning Stocks (MT) | Exports (MT) | Ending Stocks (MT) |
|---------------|----------------------------|--------------------------------------|--|--|
| Soft Wheat | 4,404,947 | 350,000 | 2,498,996 (1,845,140 MT to EU markets) | 558,658 (Initial forecast 975,197) |
| Barley | 661,932 | 45,000 | 305,779 (96,139 MT to EU markets) | 89,383 (Initial forecast 113,729) |
| Corn | 1,717,785 | 85,000 | 509,246 (373,226 MT to EU markets) | 720,783 (Initial forecast 967,025) |
| Sunflower | 1,387,780 | 80,000 | 636,352 (547,275 MT to EU markets) | 489,448 (Initial forecast 680,344) |
| Rapeseeds | 271,041 | 25,000 | 200,974 (166,415 MT to EU markets) | 94,939 (Initial forecast 101,361) |

Source: Bulgarian Ministry of Agriculture, National Grain and Feed Agency Bulletin April 2013

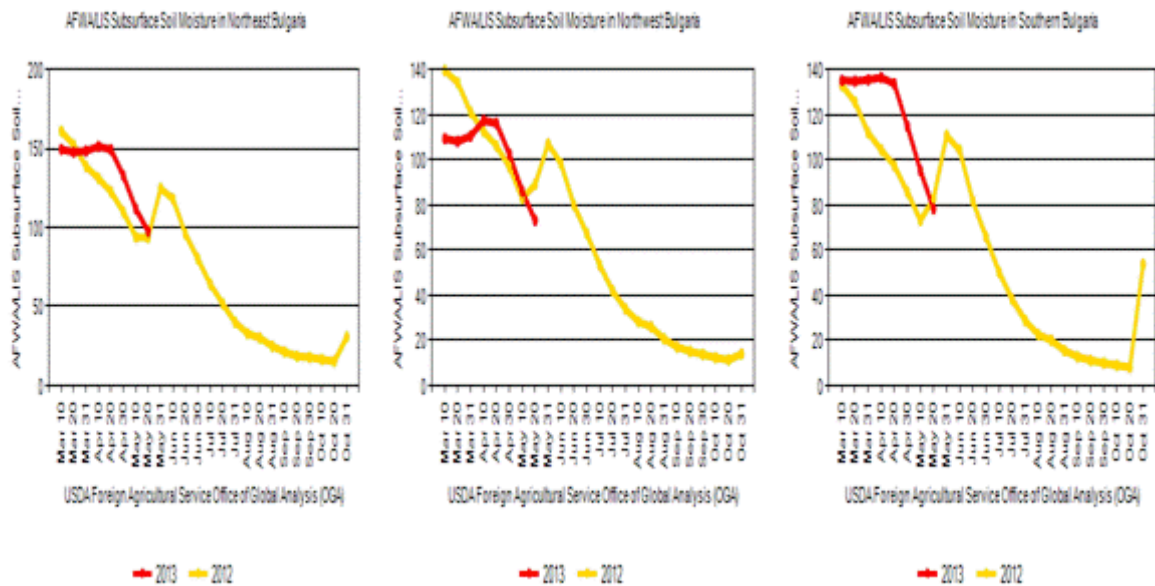
Percent of Soil Moisture in Major Production Regions as of May 20, 2013



Surface Soil Moisture in Major Production Regions as of May 20, 2013



Subsurface Moisture in Major Production Regions as of May 20, 2013



Average Temperatures in Major Production Regions as of May 20, 2013

